UNITED
NATIONS

DP

Governing Council
of the
United Nations
Development Programme

Distr.
GENERAL

DP/1991/51
25 April 1991

ORIGINAL: ENGLISH

Thirty-eighth session
3-21 June 1991, New York
Item 9 of the provisional agenda

POLICY

SENIOR MANAGEMENT STRUCTURE

Comments of the Administrator on the management consultants' report

Report of the Administrator

SUMMARY

In response to paragraph 5 of Governing Council decision 90/45 of 22 June 1990, the Administrator is submitting his comments on the management consultants' report entitled "A Strategy-Based Senior Management Structure for the United Nations Development Programme (UNDP)", made available to members of the Council in document DP/1991/50, and known as the Kienbaum report.

The Administrator welcomes the Kienbaum report, particularly its timeliness, and looks forward to implementing many of the proposals contained therein. In some respects, they contain endorsement of changes already initiated by UNDP - the result of meeting the challenge of world development. In other respects, they present a methodology by which measures currently anticipated by UNDP can be implemented - the chance to accelerate action in a number of fields. A third category of proposals will require further analysis before any eventual incorporation into the evolving structure of UNDP.

After a few, brief, introductory remarks on the Kienbaum report, the Administrator outlines some of the changes that have taken and are taking place today in UNDP through the constant search for excellence in development. Viewed against this background, the Kienbaum report is the latest in a series of valuable studies, resolutions and decisions that have helped to shape UNDP and ensure its pre-eminence in technical cooperation.

Turning to specific proposals, the Administrator notes that the "grand strategies" proposed in the Kienbaum report are in great measure a reinforcement of the process of change already under way in UNDP. The attention of the Governing Council is drawn in particular to the role of recipient countries in programme and project generation, a crucial point which the Administrator believes has been somewhat neglected in the report. In a detailed response to the proposals on senior management structure, the Administrator addresses the major areas covered by the report.

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INTRODUCTION

1. In response to paragraph 5 of Governing Council decision 90/45 of 22 June 1990, the Administrator is pleased to submit to the Council his comments on the management consultants' report entitled "A Strategy-Based Management Structure for the United Nations Development Programme (UNDP)" (DP/1991/50), known as the Kienbaum report.

2. At a time when UNDP is undergoing significant transformation, the Administrator welcomes the stimulus provided by the Kienbaum report to evaluate and act upon ideas for change in the organization.

3. After an international bidding procedure, UNDP selected as consultants the firm of Kienbaum & Partners, who began work on the study on 26 November 1990 and delivered the final report on 12 February 1991. Some 100 interviews were held during the study. Members of the Programme were invited to submit their views and an informal consultation took place on 21 January 1991. The findings and recommendations of the study were presented to UNDP senior management on 31 January 1991.

4. The consultants achieved a detailed understanding of UNDP within this brief period. The Administrator commends them for this. The senior management panel which selected the consultants has reviewed the report. The Administrator is satisfied that Kienbaum & Partners have met the terms of their contract with UNDP. A more detailed analysis of the consultants' response to the terms of reference and thus to the terms of decision 90/45 of 22 June 1990 is provided in annex II.

The Kienbaum report: historical perspectives

5. UNDP has kept pace with the evolving demands of development by accepting the challenges of change. Throughout 40 years of technical cooperation, a number of valuable studies have vividly underscored the constant search required to ensure improved systems that deliver high quality, high priority programmes to member countries. UNDP has remained a principal, trusted partner in the development dialogue by anticipating new directions and responding to them, encouraged by major mandates from the United Nations system. The Kienbaum report was completed not long after the landmark General Assembly resolution 44/211 of 22 December 1989 and is, in many respects, consistent with a number of pivotal Governing Council decisions, which make up the history of the UNDP response to change. 1/ They have reaffirmed the fundamental tenets of the central role of UNDP in operational activities for development and have reconfirmed the importance of its links to the United Nations system.

6. Within this context, the Administrator is pleased to submit his comments on the Kienbaum report, and, with the guidance of the Governing Council, looks forward to the early implementation of many of the proposals contained therein. He firmly believes that UNDP must continue to lead and support the

process of change in the United Nations system-wide efforts in the field of technical cooperation. Some of the measures already initiated by the Administrator are endorsed in the Kienbaum report: UNDP is currently redefining its activities at headquarters and at the field level in order to support Governments in their efforts to work in new ways with individuals, communities, non-governmental organizations (NGOs) and the private sector.

7. The details of some of these changes have been submitted for the consideration of the Governing Council in the budget estimates for the biennium 1992-1993 (DP/1991/49 (Vols. I and II)).

I. STRATEGY AND ORGANIZATION

8. The Kienbaum report refers to a lack of regular exchange among senior management on questions of strategy. In fact, the continual refinement of strategy is an overriding concern of UNDP and has involved staff at headquarters and in the field. The report outlines five "grand" strategies. However, the Governing Council will recognize that these strategies are not new and have been much discussed in recent years, in one form or another, 2/ as part of the overall approach of UNDP to development. At the present time, extensive in-house discussion is taking place on the UNDP "Statement of Purpose" and on reinforcing strategies. Resident Representatives and field offices, management, staff and the Staff Council at headquarters are all participating.

9. The Administrator believes that the primary aim of UNDP in the 1990s will be to continue supporting the attainment of self-reliance in developing countries. This goal is in accordance with Governing Council decision 89/20 of 30 June 1989 on the role of the United Nations Development Programme in the 1990s. It will be achieved through capacity-building, one of the major comparative advantages of UNDP and an area in which the organization has extensive experience. UNDP will continue to place human development at the core of its policies and operations and will concentrate on building and strengthening national capacity in the areas of focus identified in Governing Council decision 90/34 of 23 June 1990.

10. As in the past, UNDP continues to attach the greatest importance to serving its development partners. It intends to improve its methods, processes and programmes in order to ensure maximum impact for the programmes it supports. It will maintain responsive and flexible field offices with intellectual and managerial support from headquarters.

11. Thus, the proposals contained in the Kienbaum report for UNDP organizational strategy reinforce a process already under way. Of the four options set out in the report, that for "strategic decentralization" offers the best opportunity to ensure a coherent, strategic approach for the provision of the highest quality of service at the field level. Field authority will be reinforced while maintaining the necessary standards of accountability.

12. Steps have already been taken in this direction by the Administrator. In October 1990, he approved a set of principles proposed by the task force on decentralization, established in pursuance of General Assembly resolution 44/211 and Governing Council decision 89/20. Two teams are currently working on administrative and programme functions to determine which headquarters functions can be eliminated, simplified or transferred to the field.

13. The Integrated Administrative Systems project (IAS), started in 1990 following a detailed review of financial systems, aims to provide a new framework for human resources and financial and administrative systems in order to improve UNDP cost-effectiveness. IAS aims primarily to improve UNDP administrative information systems, integrating some of them with systems of the United Nations Secretariat. One of the key features of IAS is a detailed analysis of business processes at the functions level, which will become the basis for the decentralization of administrative functions throughout the organization.

14. Following agreement on the principles for decentralization, a second in-house team war established to analyse headquarters programme-related functions, applying methodologies similar to those introduced by the IAS team. The team's analysis will provide information to shape decisions on the distribution of functions across headquarters units. The two studies will thus form the basis of an action plan for decentralization.

15. In a subsequent phase, a similar report will be needed at the field level to take into account all United Nations operational activities for development at this level. This will involve close cooperation with other United Nations agencies.

16. UNDP is establishing the basis for a more focused approach to its support of national and regional programmes. New divisions have been created to mainstream major development concerns and programmes throughout the organization: the Division for Non-Governmental Organizations (December 1986); the Division for Women in Development (April 1987); the Management Development Programme (June 1988); and the Division for the Private Sector in Development (July 1990). The first Human Development Report was published in 1990. The new configuration of the Bureau for Programme Policy and Evaluation (BPPE), presented in the budget estimates for the 1992-1993 biennium (DP/1991/49 (Vols. I and II)), directly reflects this approach. This is discussed in greater detail in section II.B.

17. At the same time, major emphasis is being given to human resources, with the increasing involvement of managers. Thus, the redesigned UNDP performance appraisal system, which emphasizes individual responsibility and quality of response to unit and individual work plans, relies heavily on the managerial commitment of supervisors. The Administrator is pleased to note that much of the management of human resources in the field is now decentralized to UNDP field offices.

18. The Administrator has taken steps to ensure that a quality approach in the provision of services to member countries is further integrated into the working methods of the organization. Since September 1990, UNDP has run pilot exercises called the "total quality approach". Encouraging results have been achieved in the Division for Administrative and Management Services (DAMS), the Division of Management Information Services (DMIS) and the Division of Personnel (DOP). A review conducted in March 1991 by the Federal Quality Institute (USA) proposed that the "total quality approach" be expanded, built into UNDP training programmes, and introduced more widely throughout the organization, in both its administrative and programme processes.

19. The presentation of the organizational strategy in the Kienbaum report fails in some respects to take sufficient account of the role of recipient countries in programme and project generation. In this context, the Administrator believes that a close and permanent dialogue between partners at the country level is crucial to the success of the Programme. The failure of the Kienbaum report to apprehend fully this vital aspect of UNDP results in strategy proposals that are "top-down" in spirit and approach. It is, rather, through partnership that UNDP can best implement the key suggestion contained in the report that strategy "be driven into the guts of the organization" to avoid any possibility that "decentralization can be dangerous" (para. 2.1.2, p. 13 of the report).

II. SENIOR MANAGEMENT STRUCTURE

20. The Kienbaum report details three major areas of change:

(a) Strategy. The report recommends the establishment of four staff units (Strategy, External Relations, Human Resources, and Audit and Management Review) all reporting to the Administrator. The functions of the Bureau for Resources and Special Activities (BRESA) would be absorbed by the staff unit for External Relations and by a new Bureau for Programmes and Policy;

(b) Programme development. BPPE should be strengthened, with a new matrix organization combining technical advisory and advocacy functions. It would be known as the Bureau for Programmes and Policy. Also recommended is the direct association of the Division for Global and Interregional Programmes (DGIP) and of the Trust Funds with the Bureau for Programmes and Policy;

(c) Operations. The report proposes the strengthening of the Regional Bureaux through the introduction of Division Managers with increased line authority for programme and management decisions. Concomitantly, this would involve increasing decentralization of decision-making authority with regard to programmes and projects.

21. The Administrator's detailed comments on each of these proposals are given below.

A. Strategy formulation: Staff units

1. Office of the Administrator

22. The Administrator agrees with the findings of the Kienbaum report that a two- or three-deputy proposal for UNDP is not appropriate and would lead to an additional hierarchical layer at the top of the organization. With increased consolidation of reporting lines to the Administrator's office, the Associate Administrator should continue to act as an alter ego to the Administrator.

23. It is questionable whether the reduction in the number of reporting lines to 12 instead of the current 16 can be achieved. The Administrator differs from the conclusions of the report with regard to the location of two units: the United Nations Development Fund for Women (UNIFEM) and the Special Unit for Technical Cooperation among Developing Countries (TCDC). This would bring the number of reporting lines back to 14.

24. The consideration of UNIFEM in the report poses a problem of consistency. Having dealt with the UNIFEM mandates and processes, the recommendation in the report is that UNIFEM simply "keep its separate identity and make optimal use of UNDP's resources by integrating its project design process with core UNDP resources" (p. 68 of the report). The management summary includes UNIFEM with the Funds Division, but the detailed start-up and organizational proposals subsequently exclude UNIFEM.

25. In discussions since the delivery of the report, the consultants have confirmed that UNIFEM was to have been included in the Bureau for Programmes and Policy with the other Funds, in the diagrams on pages 122 and 125 of the report. This is in keeping with the rationale for including all funds in the proposed Bureau for Programmes and Policy, and it may be argued at the margin that a better integration of the project design process with core UNDP resources would result.

26. The Governing Council will recall that UNIFEM was created to give visibility to the contributions of women to development and to mobilize for development an important and potentially large constituency. UNIFEM was established by General Assembly resolution 39/125 of 14 December 1984, which links it directly to the Administrator's Office for these very reasons. The Administrator therefore wishes that UNIFEM continue to report directly to him.

27. The start-up recommendations place the Special Unit for TCDC in the Programme Development and Support Division of the Bureau for Programme and Policy. The post of Director would be reclassified to the D-1 level. In the target organization, TCDC is integrated into the Regional Bureaux.

28. The Administrator wishes to emphasize UNDP support for TCDC. A strong case can be made for the operational consistency of integrating the Special Unit into the Bureau for Programmes and Policy, in order to mainstream this programming and execution modality in the most effective manner possible. This would be in keeping with Governing Council decision 90/34, in which the

Council identifies TCDC as an area of focus, and with decision 90/14 of 22 June 1990, in which the Council requests a review of the possibility of a merger of trust funds, services and programmes to provide a clearer focus to the programme. Nevertheless, TCDC poses complex issues of legislation, mandate, and political constituency.

29. While recommending that the post of Director of the Special Unit be maintained at the D-2 level in view of the importance of the subject, the Administrator seeks the guidance of the Governing Council regarding the institutional location of the Special Unit for TCDC.

2. Strategy Group

30. The Administrator agrees with the proposals for a centralized strategic function. This will involve bringing together the Planning and Coordination Office, a strengthened Central Evaluation Office and the Human Development Report Office into a single Strategy Group with the aim of enhancing the organization's strategy development capacity.

31. At this level, a useful distinction must be drawn within UNDP between two components of strategy: the first, programme strategy, concerned with the substantive content of UNDP programmes; and the second, operational strategy, which underpins the first, and deals with the means for the implementation and delivery of the programme. The Kienbaum report emphasizes programme strategy at the expense of operational strategy. It is in the latter area, in fact, that UNDP strategies are more fully developed and explicit, for example in resource management, budgetary issues and human resources.

32. With this in mind, the Administrator believes that the role of the Strategy Group is to formulate proposals for a programme strategy for consideration by senior management, integrating the various strategic proposals prepared in consultation with other staff units and units across the organization. The Strategy Group would take initiatives by preparing occasional strategy papers for the Administrator, the Management Board and the Policy Planning Committee.

33. The Administrator agrees that the Planning and Coordination Office should retain its responsibility for the priority tasks of planning and managing UNDP resource flows, to ensure the viability and integrity of the Programme and to reflect policy thrusts decided by the Governing Council in the allocation of UNDP resources. The Office will continue to provide the necessary support to the Administrator for the coordination of main strategic and policy functions, including the servicing of various committees.

34. The Human Development Report Office will be responsible primarily for the preparation and dissemination of the Human Development Reports; it will also play a catalytic role in the formulation of human development strategies, better social data collection and more research into critical human development areas. It will perform these functions through close liaison and

an effective working relationship with the Bureau for Programmes and Policy, the Regional Bureaux and United Nations system agencies in order to maximize cooperation in both the preparation of the report by this Office and the implementation of follow-up activities by the Bureaux.

35. The Administrator also shares the view that key information for work on strategies and the analysis of UNDP strengths and weaknesses should continue to be provided by the Central Evaluation Office (CEO) and by the Division for Audit and Management Review (DAMR). In the case of the former, the Administrator agrees that CEO needs strengthening. Its responsibility would be to deliver three basic services for the organization: policy evaluation; evaluation systems management; and evaluation systems support and feedback. This would include providing feedback to the organization on the results of evaluation work carried out by operational units as well as those evaluations carried out by CEO itself. The Administrator will make specific proposals regarding the strengthening of CEO following a detailed workload study.

36. While maintaining the necessary objectivity and independence within the organization, CEO would maintain close links with DAMR to ensure that the management implications of UNDP policy decisions and the management aspects of UNDP at the field office level are taken fully into consideration.

3. Division for Audit and Management Review

37. The Administrator is in broad agreement with the comments made by the consultant on this Division. The report fully recognizes the importance of internal audit in ensuring the accountability of the Administrator in a strategically decentralized structure.

38. The Administrator shares the consultant's view on the importance of the Management Review and Analysis Section, and in particular, sees a need for an Organization and Methods Unit. The latter would concentrate on the improvement of UNDP processes and the elimination of red tape, helping to obviate the frequent need for ad hoc task forces and the disruption they entail. Appropriate location and staffing (e.g., in the Bureau for Finance and Administration) must be considered for these functions on the basis of more detailed analysis.

4. Bureau of External Relations

39. The Administrator agrees with the proposal that the organization's external relations with member Governments, other United Nations organizations, and the public be managed through a single bureau. The establishment in 1990 of the Bureau for Resources and Special Activities, incorporating the Division of Information, the Resource Mobilization Unit (RMU) and Liaison Offices, was a step in this direction. This process will be completed with the addition of the Division of External Relations and Governing Council Secretariat, within the framework of a Bureau for External Relations, as indicated in the proposed UNDP management structure in annex I.

40. As the report suggests, authority and responsibility must be vested at a lower level in the management structure wherever possible. These improvements to the external relations structure will ensure a coherent and single approach at the level of the Administrator's staff units to external relations, fund-raising, information and public relations, coordinated by a Bureau Director. All three functions are intimately related and can be mutually reinforcing.

41. Among other advantages, this restructuring should promote the more consistent resource mobilization recommended in the report, ensuring that discussions with Governments in the Governing Council are appropriately coordinated with the work of field offices, the UNDP Office at Geneva, and the Liaison Offices in Tokyo and Washington.

42. Improvements in the area of resource mobilization will also follow the functions analysis currently under way. Indications so far are that the Resources Mobilization Unit should be consolidated to reflect the true scale of the work that needs to be done on resource mobilization.

43. In view of the importance of the functions of external relations and the Governing Council Secretariat, the Administrator shares the view that the Director of the Bureau of External Relations should be at the ASG level, with the Director of the Governing Council Secretariat at the D-2 level.

44. The continuing importance of the UNDP Office at Geneva to UNDP activities in Europe suggests that the position of Director of the UNDP Office at Geneva should also continue to be graded at the D-2 level.

5. Human Resources Division

45. The Kienbaum report recommends the restructuring of the Division of Personnel (DOP) into a Human Resources Division. It is proposed that the Human Resources Division, in keeping with the key role of human resources in an organization such as UNDP, continue to report directly to the Administrator. The start-up structure proposed for the Human Resources Division is the same as that proposed by the Administrator for DOP in his budget estimates for the biennium 1992-1993 (DP/1991/49 (Vols. I and II)). The report suggests that the Human Resources Division be subsequently divided into its staff and line functions with the proposed Division for Administration and Conditions of Service being transferred to the Bureau for Finance and Administration (BFA).

46. The Administrator is making significant changes in the way in which the human resources of the organization are developed. To keep UNDP viable and dynamic, managers must provide leadership, use initiative, be creative and take risks. In the Administrator's view, therefore, the management of UNDP human resources must lie increasingly with the line managers. To achieve this, the Administrator has already initiated a wide range of measures to ensure optimal response to rapidly changing development needs. The most

important of these are: more modern recruitment techniques, a fundamentally changed performance appraisal review system (PAR), a major management skills training programme, and a decentralized personnel administration.

47. The Administrator continues to believe that it is important that the Human Resources Division continue to report directly to the Administrator. This also confirms a role which is increasingly recognized in other major public- and private-sector organizations around the world.

48. The report emphasizes the merits of lean structures at the level of the staff units. The Administrator shares these views. However, the longer-term proposals for the transfer to BFA of a new Administration and Conditions of Service Unit is not endorsed by the Administrator. This would cut across initiatives already under way to outpost regional personnel administration functions and staff to the four Regional Bureaux. It would also sever the critical links with other personnel management activities and policy initiatives.

49. Further, most of the concerns of the Conditions of Service and Personnel Systems Unit are tied to UNDP human resource management in the larger context of the United Nations common system. In the framework of the United Nations common system, the UNDP Policies and Compensation Section plays a role in the development of human resource policy through the coordination of several conditions of service issues. The Administrator believes that these human resource management issues are best handled by the Human Resources Division.

6. Committees

50. The report makes a number of useful proposals about the role of committees in UNDP.

Management Board

51. The Administrator's decision to establish the Management Board as the central decision-making body on strategic issues for UNDP is endorsed by the Kienbaum report. Chaired by the Administrator, or, in his absence, by the Associate Administrator, the Board will bring together all Bureau heads on a monthly basis.

Action Committee

52. The Action Committee already devotes a greater portion of its time to the more complex or policy-laden programmes and projects, advisory notes, country programmes and mid-term reviews. Specific arrangements will be made for small programmes and specific types of projects to ensure that the Action Committee monitor the quality of programmes and projects on a global basis. Added emphasis must be given to the role of evaluation as well as increased approval authority within Regional Bureaux, at the strategic level, and in the Action Committee.

Policy Planning Committee

53. The Administrator disagrees with the proposals of the Kienbaum report on the future role of the Policy Planning Committee. With the increased emphasis being given to strategy formulation, it is important, as indicated in the report itself, that the staff units and the Strategy Group in particular not become ivory towers. In this, the Administrator agrees. The Policy Planning Committee provides an excellent forum for bright minds and interested parties from all areas and levels of the organization to participate in the process. Thus, they can contribute to the substance of strategy discussion and preparation, in support of the Strategy Group's work. The Administrator will therefore maintain the Policy Planning Committee.

B. Programme development: Bureau for Programmes and Policy

54. The Kienbaum report proposes the reorganization of BPPE, to be renamed the Bureau for Programmes and Policy. The new bureau would provide a stronger link between the Strategy Division and senior management, who develop UNDP strategies, and the Regional Bureaux and field offices, who translate them into action.

55. This proposal coincides with earlier, detailed in-house discussions and work as set forth in chapter VI of the Administrator's budget estimates for the biennium 1992-1993 (DP/1991/49 (Vol. I)). In this light, a strengthened Bureau for Programmes and Policy must be seen as the organizational response to the areas of focus outlined in Governing Council decision 90/34 on the fifth programming cycle.

56. In his budget estimates for 1992-1993 (DP/1991/49 (Vols. I and II)), the Administrator has also recommended that a new Programme Development and Support Division be established. It would closely reflect the areas of focus in its technical groups and merge the functions of the present Technical Advisory Division and the advocacy divisions, thereby supporting Regional Bureaux and Field Offices in disseminating the strategy to an increasingly decentralized structure, and in developing and trying out new approaches and services to UNDP constituents. The Division would provide support to the rest of the organization in developing the capacity to promote effectively and mainstream themes. The Division for Women in Development is pursuing an ambitious programme to ensure gender-sensitivity throughout BPPE as a part of the phasing-in of the new Bureau arrangements. The new institutional arrangements to be put in place at the beginning of 1992 will upgrade the status of women in development in a way that will reflect programmatically the importance given to this theme.

57. As outlined in the budget estimates for 1992-1993, the Programme Development and Support Division would consist of four groups:

(a) Human development;

(b) Natural resources and environmental management;

(c) Technology and private sector development;

(d) Public sector management.

58. The Administrator proposes to maintain four posts at the head of the Programme Development and Support Division groups at the D-2 level during the start-up phase. This would underscore the importance of the role of the Bureau for Programmes and Policy in transmitting UNDP strategy and the need to ensure active and creative programme development at a key moment of organizational change.

59. The Policy Division will continue to administer and monitor policy rather than draw up new directions, which is properly the role of the Strategy Division. It will also contribute to policy development through its responsibility for programme research and through the elaboration of ground rules for policies which have already been adopted.

60. The second major area of change in the Bureau for Programmes and Policy proposed in the Kienbaum report involves a direct association with DGIP, the Trust Funds, and the Special Unit for TCDC. UNIFEM and the Special Unit have been discussed separately in paragraphs 27 to 30. The Administrator's views on the proposals in this area are given below.

1. Division for Global and Interregional Programmes

61. The incorporation of DGIP would strengthen the advocacy and mainstreaming work of the Bureau for Programmes and Policy. Cooperation is already very close between DGIP and BPPE, and the suggested new location for DGIP would offer further possibilities for improved results from joint efforts.

2. United Nations Sudano-Sahelian Office, United Nations Capital Development Fund, United Nations Fund for Science and Technology/United Nations Revolving Fund for Natural Resources Exploration

62. The Kienbaum report proposes that the United Nations Sudano-Sahelian Office (UNSO), the United Nations Capital Development Fund (UNCDF) and the United Nations Fund for Science and Technology for Development/United Nations Revolving Fund for Natural Resources Exploration (UNFSTD/UNRFNRE) should be relocated in the Bureau for Programmes and Policy. Moreover, it is recommended that the operational functions of these Funds be assigned to the Regional Bureaux.

63. The Administrator notes that the Funds play an essential role in areas which will be critical for UNDP strategy in the coming years. In this

context, they represent unique development cooperation modalities, especially for the poorer among the developing countries. Close links between the core programme and the Funds benefit the quality of the UNDP product and increase the impact on the development process.

64. The Administrator therefore agrees with the proposal to locate the Funds in the proposed Bureau for Programmes and Policy with a direct reporting arrangement to the Assistant Administrator. There should be gains from a closer rapport between the Funds and UNDP at the policy coordination level, ultimately resulting in improved programme coherence. Mutually supportive roles for capital assistance and technical cooperation will enrich the UNDP menu of services in the field, particularly in the light of the strategic priority of poverty alleviation.

65. However, it is also recognized that the success of the Funds and, by extension, their contribution to UNDP overall strategy, results to a high degree from their purpose and focus, their identity vis-à-vis recipients and donors and field programmes of reputed quality. The Administrator believes, therefore, that the identity and integrity of the Funds must be maintained and that operational functions should not be severed from them. In fact, he recommends that DGIP, the Funds and the United Nations Volunteers programme (UNV) be directly associated with the Bureau for Programmes and Policy. This would assist in the development of a UNDP-wide response to the translation into programmes of the areas of focus outlined in decision 90/34.

3. United Nations Volunteers

66. The proposed relocation of the external resource and trust funds functions to other Bureaux raises the issue of the institutional location of UNV. Like that of the trust funds, the success of UNV in recent years has been rooted in the very particular identity of its programmes, the appeal of volunteerism, and its close links with constituents at governmental and non-governmental levels, with communities and with other United Nations agencies. The Kienbaum report proposes that UNV report directly to the Director of OPS as part of its Resource Division. However, UNV links with OPS are tenuous. The UNV mandate to serve the whole United Nations system is also best supported if other United Nations agencies continue to perceive UNV as an active and effective programme. Tying UNV to specific OPS concerns might impede this perception.

67. The Administrator recommends, therefore, that UNV be associated with the Bureau for Programmes and Policy. This would help link UNV Domestic Development Services (DDS) activities and the work of the Bureau for Programmes and Policy in participatory development and poverty alleviation. It would also provide the means to encourage increased use of the volunteer modality in programme and project preparation in parallel with the voluntary services of the Bureau for Programme and Policy, the United Nations International Short-Term Advisory Resources (UNISTAR) and the Transfer of Knowledge Through Expatriate Nationals (TOKTEN). As is the case with the Funds, UNV will maintain a direct reporting link to the Bureau Director.

C. Operations

1. Regional Bureaux

68. The Administrator believes that the critical role of the Regional Bureaux and the field offices in delivering technical cooperation valued at over $800 million annually to developing countries throughout the world deserves greater attention than that received in the Kienbaum report. In particular, more detailed consideration is required of the headquarters level programme and administrative functions that should be delegated to line managers in the Bureaux at the field and headquarters levels to enable them to carry out their operational responsibilities most effectively.

69. The report does, however, support the principle of strategic decentralization, asserting greater authority to line managers in the Regional Bureaux. The Administrator endorses this. Line managers should have increased authority for programme and management decisions essential for the effective delivery of UNDP technical cooperation. At the same time, Regional Bureaux line managers should have the authority and responsibility to convey headquarters strategic initiatives to the field and to provide effective programme and administrative support.

70. The Regional Bureau Directors will continue to have overall responsibility for the countries of their region on priority policy and programme issues. Their Deputies should continue to serve as alter egos, enabling the Directors themselves to undertake their prime responsibilities within the region. The Deputies should also help the Regional Directors to coordinate between divisions and other functional units in each Bureau.

71. The Administrator endorses the Kienbaum proposal to create the new position of Division Manager, upgrading to the D-2 level the present role and functions of the Division Chiefs. The detailed functions of the Division Manager are currently being defined. The Division Manager would become the first supervising officer for field offices in his or her division, ensuring clear line accountability for field-level management, and strengthening internal control in a decentralized structure.

72. In order to help strengthen the administrative support functions of the Division Managers, central personnel and administrative services would transfer, as appropriate, functions and related staff to the Regional Bureaux. The Kienbaum report recommends that each Division Manager be responsible for 6 to 10 field offices. This would require 14 Division Manager posts, which can be met through a combination of the redeployment of existing posts at the D-2 level and the upgrading of posts currently at the D-1 level. With regard to the upgrading of posts, the Administrator will submit detailed proposals to the Governing Council at its special session in February 1992. The Administrator intends to adopt this new managerial approach by offsetting additional costs against future savings, in keeping with the policy of budgetary restraint.

73. A major objective of the proposed "transmission belt" role foreseen in the Kienbaum report for the Bureaux and the Division Manager is a strengthened dialogue between the Bureaux and field offices on the policy and substantive content of country programmes and component projects, and on priority UNDP programmatic issues that should be taken into account. This substantive support to field offices should be provided in consultation with the Programme Development and Support Division in the proposed Bureau for Programmes and Policy.

2. Office for Project Services

74. The Bureau for Project Support proposed in the Kienbaum report consists primarily of the Office for Project Services (OPS). The subject is treated somewhat cursorily, although this may be explained by the fact that OPS was the subject of a major management report (Peat Marwick, 1988) whose recommendations, approved by the Governing Council, continue to be implemented. The Administrator prefers to leave the structure and name of OPS as they are, pending the results of an internal management review being conducted by the recently appointed Assistant Administrator and Director.

75. In paragraphs 14 and 15 of its decision 90/45, the Governing Council approved the current grades of the Director and Deputy Director of the Office for Project Services at the ASG and D-2 levels respectively, subject to review at the thirty-eighth session of the Governing Council. The report recommends that the post of Director of the Office for Project Services be maintained at the ASG level. In light of the recent growth in OPS programme delivery - from $154.5 million in 1987 to $286.3 million in 1990 - and the increased responsibilities this implies, the Administrator considers this fully justified. Likewise, he believes that, on the basis of the responsibilities involved, the post of Deputy Director of OPS should continue to be graded at the D-2 level.

3. Bureau for Finance and Administration

76. Limited coverage is given in the Kienbaum report to the Bureau for Finance and Administration. A point not fully addressed is the financial control function of BFA and the issue of checks and balances. In a voluntarily funded organization entrusted with public resources, it is essential that proper financial accountability be maintained through the judicious use of internal controls. Checks and balances will gain in importance as the organization moves towards decentralization of its management practices. In this connection, the implications of the programme approach and the growth of national execution, in pursuance of following Governing Council decision 90/21, must be taken into thorough consideration if UNDP is to implement proposals contained in the Kienbaum report.

77. The Administrator fully supports the statement that the post of Assistant Administrator, Bureau for Finance and Administration, should be at the ASG level. The current span of coverage and responsibilities of BFA, which

includes three major central service divisions as well as the Inter-Agency Procurement Services Office (IAPSO), and more specifically, the Chief Financial Controller and Chief Procurement Officer functions, requires a post at the ASG level. The Administrator does not believe that the issue of the location of functions related to DOP in any way detracts from the importance of the functions or the level of the position of Director of BFA.

III. CONCLUSIONS

78. Organizational efficiency and potential savings are clearly the most important elements included for consideration in decision 90/45.

79. The Kienbaum report, however, underscores the fact that only limited savings can be expected from the changes proposed at the senior management levels. The indirect savings at the Professional and General Service levels resulting from these reductions are not considered in any detail. The report does not identify the savings from the proposed merger of trust funds with the proposed Bureau for Programmes and Policy and the Regional Bureaux. Considerable savings are promised at headquarters as a result of strategic decentralization; but these are potential savings, not indicated as fact.

80. These potential savings must be approached with caution. On the one hand, some of them should not enter into the calculation, e.g., the Management Development Programme (MDP) D-2 post is project-funded and the DOP deputy post is a D-1 post encumbered for the time being at the L-7 level. On the other hand, once the Administrator accepts the implications of the major emphasis placed on strategy formulation and programme development, these savings are inconsistent with the need to ensure that the Bureau for Programmes and Policy and other important areas be provided with high-level staff possessing the drive and calibre required to introduce the necessary mainstreaming of new ideas, programmes, modalities and services. Hence, the Administrator wishes to maintain the necessary D-2 positions as outlined earlier in these comments. In this connection, due note is taken of the point made in the report regarding the fall in the share of top management relative to the rest of the organization between 1975 and 1990 (para. 6.1.2, p. 136 of the report).

81. The Administrator agrees with the proposals for the Regional Bureaux and the Division Managers. However, there is considerable difficulty in detailing precise costs for these at a stage when much work remains to be done on the Integrated Administrative Systems project and the programme area functions analysis. The Administrator intends, therefore, to present to the Governing Council at its special session in February 1992 the details relating to the upgrading of the posts required for the full implementation of the Division Manager proposals and other areas of change outlined in these comments. They will demonstrate the cost-efficiency of the planned management structure.

82. The Governing Council is fully aware that two of the proposals, those pertaining to the Programme Development and Support Division and the Division of Personnel, are also contained in the Administrator's budget estimates

for 1992-1993. Approval of these by the Governing Council will provide the necessary authority for their rapid implementation. Other proposals (the absorption of the current Bureau for Resources and Special Activities into the Bureau for Programmes and Policy and the Bureau of External Relations, and the creation of the Strategy Group) can be implemented directly, with no increases in the number of posts.

83. Proposals have been made to streamline the management of Trust Funds in such a way as to strengthen central policy coordination and formulation, in line with the organization's intent to ensure a better defined strategic approach. Once implemented, these proposals - like all others - will be evaluated to determine the degree to which they help the organization improve the quality of its contribution to government programmes and its ability to coordinate programmes of the United Nations development system at the field level.

84. In the latter respect, the Kienbaum report, with its heavy concentration on the senior management at headquarters, is silent. However, the Administrator believes that the changes proposed, particularly with regard to strategy and its translation into programmes, will help field offices engage in a substantive dialogue with host Governments, agency partners and other donors. The changes proposed in the organization of the Action Committee, the decentralization of approvals to Division Managers and field offices will accelerate decision-making and will lead to improvements in programme delivery.

85. The establishment of a clear line of communication between headquarters and the field should ensure more effective decision-making, with more defined responsibilities at each level of the structure. The delegation of authority to the country level and to the line structure, where the information and authority for decision-making are available, should help lead to improved quality of programmes and impact at the country level. Certainly, the responses of Resident Representatives during the Statement of Purpose exercise and during the preparation of these comments, tend to suggest that they are key factors that must be addressed.

86. Taking all these factors into consideration, the Administrator believes that with the management structure now proposed, UNDP can continue with full confidence the process of change needed to meet the development challenges of the twenty-first century. In doing so, UNDP will maintain its pre-eminent role in development. The hallmark of this universal organization, with firm roots in the countries it serves, will be a decentralized network of field offices, staffed by creative human beings sharing know-how among countries and attracting major resource flows for development. These UNDP field offices will be directed by highly capable and motivated Resident Representatives, with the intellectual and managerial support of headquarters. Working with partners in the United Nations system, they will provide a range of programmes and projects for Governments and non-governmental organizations, ultimately contributing to the building of national capacity and self-reliance. Above all, UNDP field offices will be recognized as centres of excellence, responding to a continuously growing demand for their services.

87. It is the view of the Administrator, therefore, that the Kienbaum report merits the special attention of the Governing Council.

Notes

1/ Among these are decisions 89/20 on the role of the United Nations Development Programme in the 1990s; 90/14 on elements of a funding strategy for the United Nations Development Programme; 90/21 on national execution; 90/26 on agency support costs; and 90/34 on the fifth programming cycle.

2/ Note, for example, that Smith and Pursell (1989) referred to the need for more focus in UNDP.

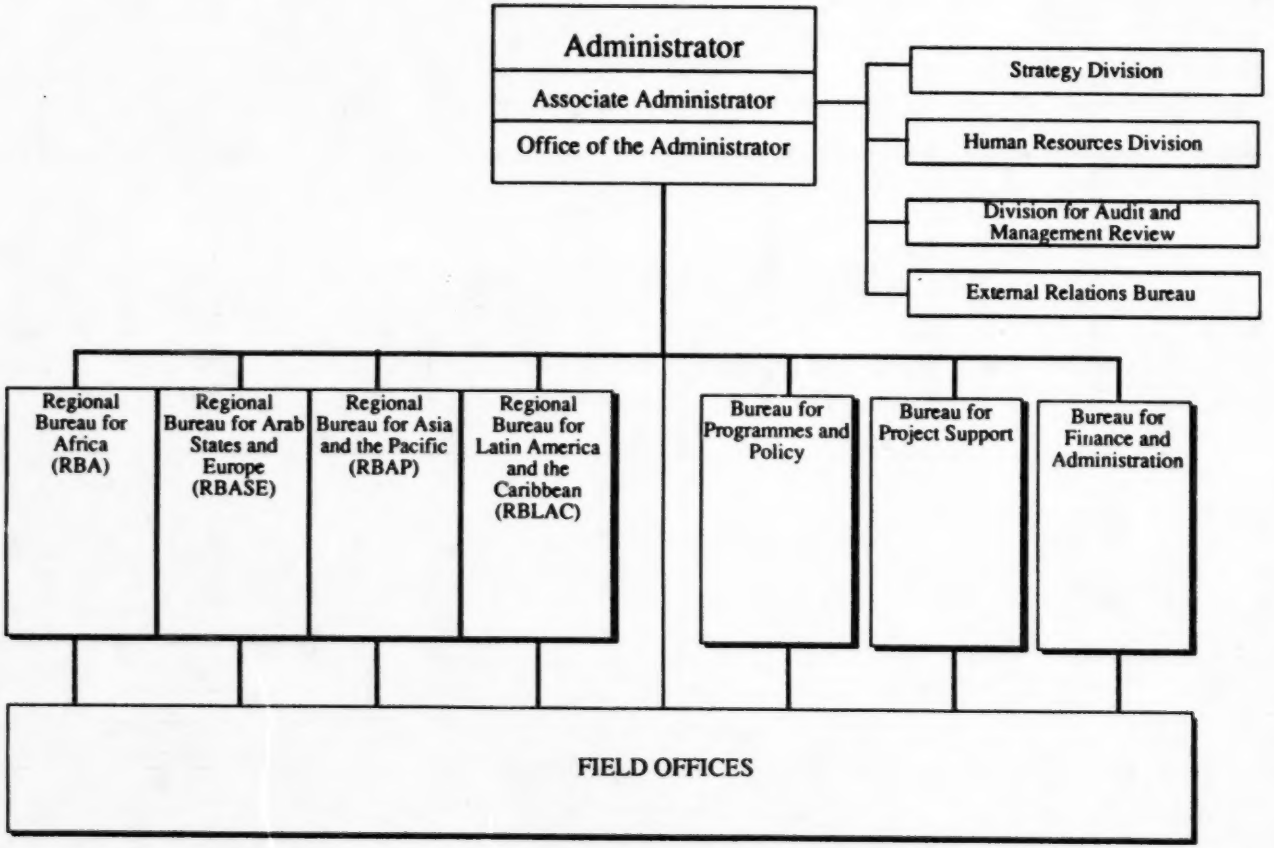
Annex I

UNDP ORGANIZATIONAL CHARTS: CURRENT AND PROPOSED

A. Current UNDP Management Structure
Administrator
Associate Administrator
Office of the Administrator
Planning and Co-ordination Office
Division of Personnel
Division for Audit and Management Review
Governing Council Secretariat
Division of External Relations
United Nations Development Fund for Women (UNIFEM)
Special Unit for TCDC
Division for Global and Interregional Programmes
Regional Bureau for Africa (RBA)
Regional Bureau for Arab States and Europe (RBASE)
Regional Bureau for Asia and the Pacific (RBAP)
Regional Bureau for Latin America and the Caribbean (RBLAC)
Office for Project Services (OPS)
Bureau for Programme Policy and Evaluation (BPPE)
Bureau for Finance and Administration (BFA)
Bureau for Resources and Special Activities (BRESA)
FIELD OFFICES

/...

B. Proposed UNDP Management Structure : Kienbaum Study


Administrator
Associate Administrator
Office of the Administrator
Strategy Division
Human Resources Division
Division for Audit and Management Review
External Relations Bureau
Regional Bureau for Africa (RBA)
Regional Bureau for Arab States and Europe (RBASE)
Regional Bureau for Asia and the Pacific (RBAP)
Regional Bureau for Latin America and the Caribbean (RBLAC)
Bureau for Programmes and Policy
Bureau for Project Support
Bureau for Finance and Administration
FIELD OFFICES

IBRC AD

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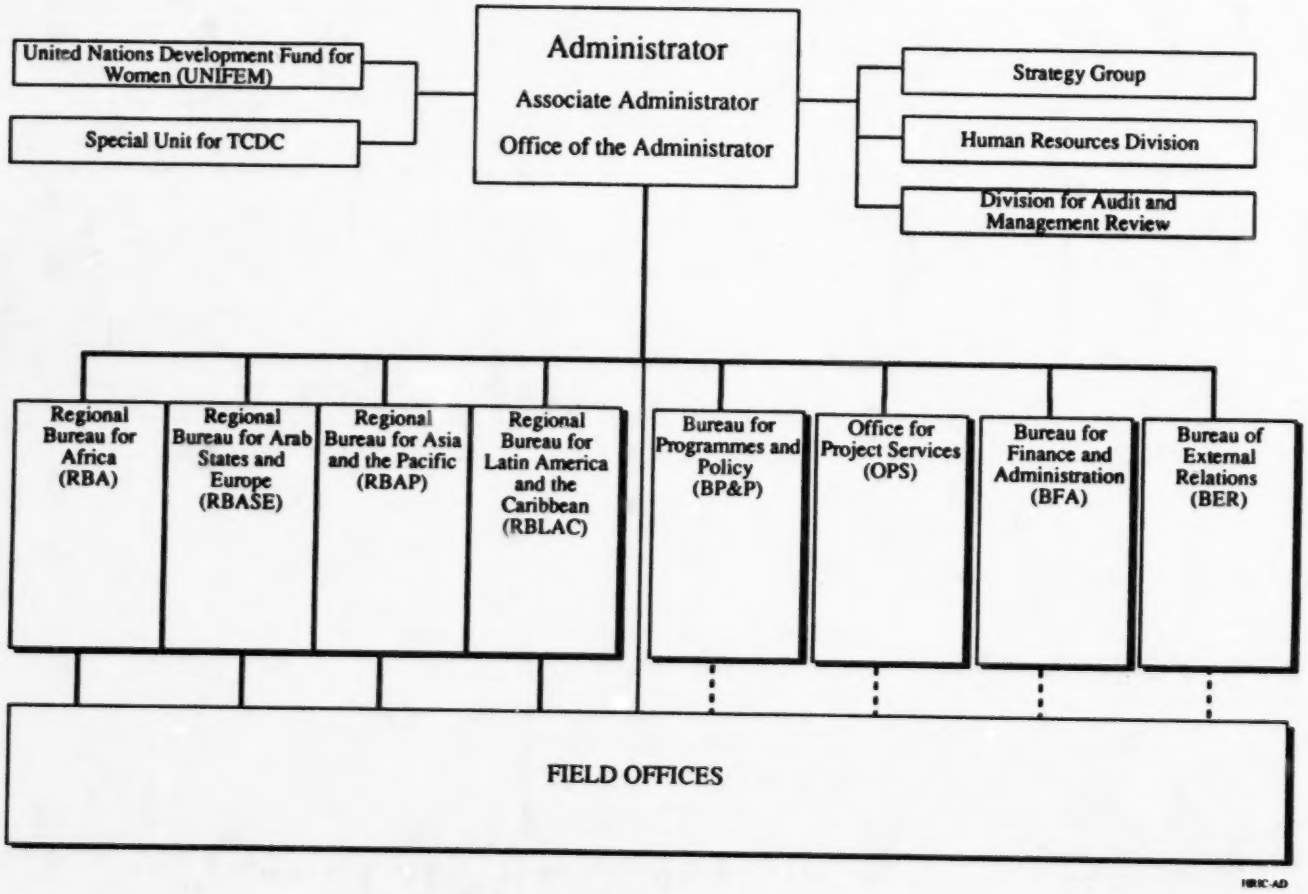
C. Proposed UNDP Management Structure : Administrator's Comments


United Nations Development Fund for Women (UNIFEM)
Special Unit for TCDC
Administrator
Associate Administrator
Office of the Administrator
Strategy Group
Human Resources Division
Division for Audit and Management Review
Regional Bureau for Africa (RBA)
Regional Bureau for Arab States and Europe (RBASE)
Regional Bureau for Asia and the Pacific (RBAP)
Regional Bureau for Latin America and the Caribbean (RBLAC)
Bureau for Programmes and Policy (BP&P)
Office for Project Services (OPS)
Bureau for Finance and Administration (BFA)
Bureau of External Relations (BER)
FIELD OFFICES
HRIC:AD

Annex II

GENERAL COMMENTS ON THE STUDY

A panel of senior UNDP staff responsible for recommending the selection of the consultant last November has reviewed the study in light of the detailed terms of Governing Council decision 90/45 of 22 June 1990 and the corresponding terms of reference established for the contract, and concluded that these terms have been met. The consultant's response to each of the elements included in decision 90/45 is reviewed briefly below (the numbering of the paragraphs corresponds to that of decision 90/45):

6 (b) The need for a detailed analysis of fundamental issues related to the senior management structure with options and alternatives, bearing in mind the legislative mandates contained in relevant resolutions of the General Assembly, the issues raised by the General Assembly, the issues raised by the Advisory Committee on Administrative and Budgetary Questions and comments made by delegations at the thirty-seventh session of the Governing Council: the consultant has made such an analysis, with respect to basic strategic options open to UNDP which have a direct bearing on structure, and to general organizational issues which are not conditioned by strategy. Alternatives have been presented at the levels of strategy, organizational strategies and structures, in light of the organization's mandates and other budgetary and administrative issues raised in UNDP legislative bodies, on which the consultant was fully briefed, both by Members of the Programme and by UNDP management;

6 (c) The importance of the analysis addressing the need for the United Nations Development Programme to maintain flexibility and efficiency in its operations in light of the changing demands on the organization, the need to ensure enhanced coordination among both programme and administrative support units, and the need to improve the ability of the United Nations Development Programme to coordinate its relationship with other organizations in the United Nations system: these areas are less satisfactorily covered in the consultant's analysis. Consideration of the institutional structure of the United Nations system for operational activities and the practical difficulties of coordination at the field level, and the implications of General Assembly resolution 44/211 of 22 December 1989 on the comprehensive triennial policy review of operational activities for development of the United Nations system, leave something to be desired. However, the consultant recognizes that broader matters of coordination and relationships with other organizations in the United Nations system are not susceptible to solution in isolation, but must be solved in an overall United Nations context. A new capacity study is therefore suggested, to consider in detail and make recommendations on the full implications of General Assembly resolution 44/211;

6 (d) Decisions on the fifth programming cycle and successor arrangements to agency support costs: these decisions are central to the consultant's proposals on "strategic decentralization", as they will serve to

orient UNDP towards specific strategic scenarios. Indeed, Governing Council decision 90/34 is explicitly introduced as the basis for the third of the strategies outlined in the study, that of a "strong thematic approach";

6 (e) The merger or consolidation of core units performing similar or related functions: the consultant makes specific proposals for the merger or consolidation of a number of core units;

6 (f) A reduction of the number of units now reporting directly to the Administrator by transferring responsibility for these activities to existing bureaux of the Programme: the consultant makes specific proposals in this respect;

6 (g) Streamlining the management of trust funds, including information on potential savings bearing in mind paragraph 22 [of decision 90/45]: the study proposes major changes in the organizational arrangement and structure of the trust funds;

6 (h) Opportunities for reducing the total number of senior-level posts (D-2 and above): this element is the subject of detailed consideration in the study.

Finally, the consultant has analysed the location in the UNDP management structure of the Division of Personnel, and made recommendations pursuant to paragraph 8 of decision 90/45. The consultant has considered the number of ASG positions the changed management structure would support, and concluded that the post of head of the Bureau for Finance and Administration (BFA) should be graded at the ASG level (see para. 9 of decision 90/45). The study also reviews the position of the Office for Project Services within UNDP, albeit more superficially, and makes specific proposals for change in its management structure (see para. 22 of decision 90/45).